



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appellants:

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Magdalena Mik

Application No.: 09/223,901

Filed: December 31, 1998

For: SYSTEM AND METHOD FOR  
ENCOURAGING COMPETITIVE  
PARTICIPATION IN AN AUCTION

)  
) Group Art Unit: 3623  
)  
) Examiner: A. Robinson-Boyce  
)  
) **APPEAL BRIEF**  
)  
) Attorney Docket No. 98-084  
)  
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)

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Dated: February 17, 2004 By: *V. S. Leliever*

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Appellants hereby appeal to the Board of Patent Appeals and Interferences from the  
decision of the Examiner in the Final Office Action mailed January 14, 2003 (Paper No. 23),  
rejecting claims 1 - 66.

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**APPENDIX A: CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL**

**APPENDIX B: INDEPENDENT CLAIMS INVOLVED IN THE APPEAL**

## REAL PARTY IN INTEREST

The present application is assigned to Walker Digital, LLC, 1177 High Ridge Road, Stamford, CT 06905.

## RELATED APPEALS AND INTERFERENCES

Appellants are not aware of any appeals which might be considered to directly affect, be directly affected by or have a bearing on the Board's decision in the pending appeal.

## STATUS OF CLAIMS

Claims 1 - 66 are pending in the present application and are being appealed.

Claims 1 – 3, 5 – 8, 10 – 17, 20 – 26, 28 – 33, 37 – 47, 50, 54 – 57 and 59 – 66 stand rejected under 35 U.S.C. § 103(a) as being obvious in light of a combination of:

- U.S. Patent No. 6,108,639 to Walker; and
- U.S. Patent No. 6,243,691 to Fisher.

Claims 4, 9, 18 and 19 stand rejected under 35 U.S.C. § 103(a) as being obvious in light of a combination of: Walker '639, Fisher and U.S. Patent No. 6,049,778 to Walker.

Claims 27, 34 - 36, 48, 49 and 58 stand rejected under 35 U.S.C. § 103(a) as being obvious in light of a combination of: Walker '639, Fisher and U.S. Patent No. 6,012,045 to Barzilai.

Claims 51 - 53 stand rejected under 35 U.S.C. § 103(a) as being obvious in light of a combination of: Walker '639, Fisher and U.S. Patent No. 5,200,890 to Pionchon.

## STATUS OF AMENDMENTS

No amendments were filed subsequent to final rejection.

## SUMMARY OF INVENTION

In general, the presently claimed embodiments encourage competitive bidding behavior during an auction session by providing rewards to bidders whose bidding behavior meets predetermined criteria. Additionally, non-competitive bidding may be discouraged through the institution of penalties when bidding behavior falls below predetermined standards. [Present Application, page 2, lines 28 - 33]

According to an embodiment of the invention, a system and method for providing a reward to a bidder participating in an auction includes: identifying a product subject to bidding during an auction session; receiving a bid for the product from a bidder during the auction session; determining, based on a reward rule, whether the bidder is qualified to receive a reward; and if the bidder is qualified, transmitting, to the bidder, an indication that the bidder is qualified to receive the reward. [Present Application, page 3, lines 1 - 7]

According to another embodiment of the invention, a system and method for providing a penalty to a bidder participating in an auction includes: identifying a product subject to bidding during an auction session; receiving a bid for the product from a bidder during the auction session; determining, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty, transmitting, to the bidder, an indication that the bidder is to receive the penalty. [Present Application, page 3, lines 8 - 13]

## ISSUES

Whether claims 1 – 3, 5 – 8, 10 – 17, 20 – 26, 28 – 33, 37 – 47, 50, 54 – 57 and 59 – 66 are obvious in light of a combination of Walker '639 and Fisher.

Whether claims 4, 9, 18 and 19 are obvious in light of a combination of: Walker '639, Fisher and Walker '778.

Whether claims 27, 34 – 36, 48, 49 and 58 are obvious in light of a combination of: Walker '639, Fisher and Barzilai.

Whether claims **51 - 53** are obvious in light of a combination of: Walker '639, Fisher and Pionchon.

## **GROUPING OF CLAIMS**

The claims in different groups do not stand and fall together.

Appellants group the pending claims as follows:

Group I - claims **1- 14, 17 - 22, 24 - 26, 31, 37 - 42, 44, 45, 47, 54 - 57, 60 - 63**

Group II - claims **50, 59 and 64 – 66**

Group III - claims **51 - 53**

Group IV - claim **15**

Group V - claim **16**

Group VI - claim **23**

Group VII - claims **28, 29**

Group VIII - claim **30**

Group IX - claims **32, 33**

Group X - claim **43**

Group XI - claim **46**

Group XII - claims **27, 34 - 36, 48**

Group XIII - claims **49, 58**

Appellants believe that claims in different groups are separately patentable, as explained below.

## ARGUMENT

### Summary of Argument

For two primary reasons, the Examiner has not made a prima facie case of obviousness of any claim.

First, the references under any reasonable interpretation completely fail to suggest several limitations that are recited in various independent claims. Among other failings, the references completely lack any hint of that a bidder in an auction can

*receive a reward other than the product*  
(independent claims 1, 54 and 60 - 63)

or

*receive a penalty*  
(independent claims 50, 59 and 64 - 66)

Second, the Examiner's entire obviousness case is essentially a conclusory analysis, without any teaching in the prior art for the proposed modifications and combinations.

Accordingly, the rejections are inappropriate and Appellants respectfully request that the rejections be reversed.

### Form of this Appeal Brief

In the arguments herein, limitations of the claims are indicated in *italics*, and the references of record are indicated by underlining.

In separate arguments of patentability of different Groups, Appellants have, where possible, referred to prior arguments to avoid undue repetition.

In the arguments below, Appellants refer to:

Appellants' Response (Amendment and Response mailed October 17, 2002); and  
the "Office Action" (Final Office Action mailed January 14, 2003).

## 1. Group I

Group I includes claims 1- 14, 17 - 22, 24 - 26, 31, 37 - 42, 44, 45, 47, 54 - 57, 60 - 63, which includes independent claims 1, 54 and 60 - 63.

Claim 1 is a method claim. Claim 61 is a means-plus function claim corresponding to claim 1. Claim 62 is an apparatus claim corresponding to claim 1. Claim 63 is a computer-readable medium claim corresponding to claim 1.

As discussed below, the rejection of the claims of this Group is flawed because the Examiner has not made a prima facie case of obviousness of any claim of this Group. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

### 1.1. Certain Limitations of the Independent Claims

Because many limitations of claim 1 are ignored in the Examiner's rejections of claim 1, certain limitations of claim 1 are clarified below.

Claim 1 recites:

*determining, based on a reward rule, whether the bidder is qualified to receive a reward other than the product,*

*and if the bidder is qualified  
transmitting, to the bidder, an indication that the bidder is qualified to receive the reward*

Claim 54 similarly recites:

*receiving a reward other than the product in response to the bid*

Claim 60 similarly recites:

*notifying a bidder that the bidder is qualified to receive a reward other than the product*

GROUP I



## 1.2. Advantages of the Independent Claims

The embodiment of claim 1 provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

As is clear from the present application, because *a bidder* may *receive* or be deemed *qualified to receive a reward other than the product*, competitive bidding behavior can be promoted, and in fact different types of competitive bidding behavior can be prompted based on the reward and when the reward is provided. No references of record suggest this advantage nor the need to make bidding behavior more competitive.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

## 1.3. No Prima Facie Showing of Unpatentability of the Claims of Group I

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

### Applicable Law

The Examiner bears the burden of establishing a prima facie case of obviousness based upon the prior art. *In re Fritch*, 972 F.2d 1260, 1265 (Fed. Cir. 1992). To reject claims in an application under section 103, an examiner must show an un rebutted *prima facie* case of obviousness. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998). If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

The factual predicates underlying an obviousness determination include the scope and content of the prior art, the differences between the prior art and the claimed invention, and the

*GROUP I*

level of ordinary skill in the art. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The secondary considerations are also essential components of the obviousness determination. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

In order to rely on a reference as a basis for rejection of the applicant's invention, the reference must either be in the field of the applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned. In re Oetiker, 977 F.2d 1443, 1447 (Fed. Cir. 1992).

When a rejection is based on a combination of references, the Examiner can satisfy the prima facie burden only by showing some objective teaching leading to the purported combination of references. In re Fritch, 972 F.2d 1260, 1265 (Fed. Cir. 1992). Lacking a motivation to combine references, there is no prima facie case of obviousness. In re Rouffet, 149 F.3d 1350, 1358 (Fed. Cir. 1998).

Finally, during examination, claims are given their broadest reasonable interpretation consistent with the specification. In re Hyatt, 211 F.3d 1367 (Fed. Cir. 2000). The "PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant's specification." In re Morris, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

**1.3.1. No showing that the references suggest *that a bidder may receive a reward other than the product***

The Examiner incorrectly asserts that this limitation is disclosed by Fisher (Office Action, pages 3, 4, 5 and 10). In fact, neither Fisher nor any other references of record suggests this limitation.

On page 10 of the Office Action, the Examiner indicates that Col. 10, lines 33 - 57 of Fisher discloses that

"the system awards the merchandise to the successful bidders at different prices... This type of award rewards the bidder with a discount for the merchandise since the successful

GROUP I

bidders are guaranteed the merchandise at the lowest price paid by any other successful bidder. Thus, Fisher discloses that a reward in the form of a discount is awarded to bidders that bid on merchandise."

In fact, this portion of Fisher merely discloses what price the winning bidder pays in the well-known "Progressive Auction" format. In Fisher the price a winning bidder pays for the item may be different than his or her bid price. This price is part of the rules of the auction, not a "reward" which a bidder may be qualified to receive.

### 1.3.2. No showing of a proper motivation to combine the references

Even if combined, the references still do not yield the advantageous limitations discussed above in Section 1.3.1.

Moreover, the Examiner simply has not shown a motivation in the prior art of record to modify or combine the references in the manner proposed by the Examiner, or in any other manner that renders the claims obvious.

### Applicable Law

Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. *In re Fine*, 5 USPQ2d 1596 (Fed. Cir. 1988); *In re Jones*, 21 USPQ2d 1941 (Fed. Cir. 1992). Furthermore, **particular findings must be made** as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed. *In re Kotzab*, 217 F.3d 1365, 1371, 55 U.S.P.Q.2d 1313, 1317 (Fed. Cir. 2000) (emphasis added).

A finding of obviousness requires that the art contain something to suggest the desirability of the proposed combination. *In re Grabiak*, 769 F.2d 729, 732 (Fed. Cir. 1985). **In the absence of such a showing**, there is inadequate support for the position that the proposed modification would *prima facie* have been obvious. *Id.* The absence of such a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1579 (Fed. Cir. 1997) (emphasis added).

### GROUP I

When the art in question is relatively simple, the opportunity to judge by hindsight is particularly tempting. Consequently, the tests of whether to combine references need to be applied rigorously. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1352 (Fed. Cir. 2001). In each case the factual inquiry whether to combine references must be thorough and searching. Id., at 1352 - 53.

No Substantial Evidence of a Motivation to Modify or Combine

In summary, the purported motivations to combine and modify the disparate references are, at best, conclusory statements that the proposed combinations and modifications would have conferred an advantage. There is not even the allegation that the prior art demonstrates the desirability of combining or modifying the references.

The Examiner proposes the following "motivation" to combine Walker '639 with Fisher:

"the motivation of distinguishing between the merchandise that was bid upon and a special offer to actually convince bidders to bid"

Office Action, pages 3 and 4.

Whatever may be meant by "special offer", the prior art of record does not provide this proposed motivation, and thus it cannot be used to prompt any combination of references.

Moreover, the prior art does not discuss the desirability of "distinguishing between the merchandise that was bid upon and a special offer". In any event, such a result of "distinguishing" does not occur upon combining Walker '639 and Fisher.

Finally, Walker and Fisher are not combinable. Fisher's teachings apply to bids for high quantities on the same item. Fisher, Col. 10, lines 33 - 57. By contrast, Walker'639 is limited to collectibles, which by definition do not have "high volume" sales. Thus, Walker '639 could not benefit in any way from Fisher's teachings of bids for high quantities of the same item.

Accordingly, a prima facie case of obviousness has not been made for at least these reasons.

### 1.3.3. Level of Skill

#### Applicable Law

A factual predicate underlying an obviousness determination is the level of ordinary skill in the art. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The skill level is one component of the inquiry for a suggestion to combine. *In re Rouffet*, 149 F.3d 1350, 1359 (Fed. Cir. 1998).

Lacking a motivation to combine, there is no prima facie case of obviousness. *In re Rouffet*, 149 F.3d 1350, 1358 (Fed. Cir. 1998). If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

#### Factual Findings

Though required to do so, the Examiner has not set forth any evidence relating to the level of ordinary skill in the art, and has not even alleged what the level of skill in the art would be. The rejection fails for at least this reason.

Based on the present record, one could only conclude that the level of skill is low. No reference cited by the Examiner even addresses any problems that are addressed by the present invention.

None of the references prompt aggressive bidding behavior, or reward bidders.

In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of Group I, none of the references (alone or in combination) disclose or suggest the limitations of the claims of Group I, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above. Accordingly, for at least those reasons, the claims of Group I have not been shown to be unpatentable in view of the cited references.

*GROUP I*

## 2. Group II

Group I includes independent claims **50, 59 and 64 – 66** and dependent claims.

Claim **50** is a method claim. Claim **64** is a means-plus function claim corresponding to claim **50**. Claim **65** is an apparatus claim corresponding to claim **50**. Claim **66** is a computer-readable medium claim corresponding to claim **50**.

As discussed below, the rejection of the claims of this Group is flawed because the Examiner has not made a prima facie case of obviousness of any claim of this Group. The Examiner has not shown all limitations of any claim to be disclosed or suggested by the references. The rejection is also based on improper combinations and modifications of the references without adequate motivation in the prior art for making the proposed combinations and modifications.

### 2.1. Certain Limitations of the Independent Claims

Because many limitations of claim 1 are ignored in the Examiner's rejections of claim 1, certain limitations of claim 1 are clarified below.

Independent claims **50 and 64 – 66** generally recite:

*determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty*

Independent claim **59** generally recites:

*receiving, before the auction session closes, a penalty in response to the bid.*

### 2.2. Advantages of the Independent Claims

The embodiment of claim 1 provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

As is clear from the present application, because *a bidder may receive a penalty before the auction closes*, non-competitive bidding behavior can be discouraged during the auction, and

in fact different types of non-competitive bidding behavior can be discouraged based on the penalty and when the penalty is triggered. No references of record suggest this advantage nor the need to reduce non-competitive behavior in an auction.

Further, since the penalty is determined / received *before the auction closes*, feedback is quick and thus behavior is modified at the time when it is most beneficial.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

### **2.3. No Prima Facie Showing of Unpatentability of the Claims of Group I**

A reading of the rejections of the claims of the Group reveals that the Examiner has consistently ignored or misinterpreted the limitations of the claims. Several limitations are not disclosed or suggested by the references of record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

The applicable law is discussed above in Section 1.3.

#### **2.3.1. No showing that the references suggest *that a bidder may receive a penalty before the auction closes***

The Examiner incorrectly asserts that this limitation is disclosed by Walker '639 (Office Action, page 11). In fact, neither Walker '639 nor any other references of record suggests this limitation.

On page 11 of the Office Action, the Examiner indicates that Col. 9, line 62 - Col. 10, line 15 of Walker '639 disclose that

"if the buyer ultimately fails to purchase the requested item once the CPO is accepted by a seller, the buyer can be charged a fee or penalty"

The cited portion of Walker '639 clearly teaches that the penalty is applied *after* the auction closes, not *before*. In fact, this portion of Walker '639 is merely the conventional

*Group II*

condition that, after a bidder wins an auction, the bidder must pay for what was won or else the bidder is penalized.

However, in an attempt to fit this reference to the present claims, the Examiner contorts Walker '639 to suggest that the auction is not closed "because the buyer has not yet made the purchase". In other words, under this strained misreading of Walker '639, even after a bidder wins an 'auction' " (if Walker can be said to disclose an auction at all), the auction never closes if the bidder reneges and does not pay for the item.

This interpretation of Walker '639 is not supported by the record. There is nothing in Walker '639 or in any other record of the prior art that discloses or suggests that an auction never closes if the winning bidder does not pay. Similarly, there is nothing in Walker '639 or any other record of the prior art which discloses or suggests that auctions close at a time other than when a winner is chosen.

Further, the only description of a penalty in Walker '639 is at Col. 10, lines 10 – 13. That portion of Walker '639 states that "the buyer can be charged a penalty" if the buyer does not ultimately purchase the requested item once the CPO is accepted by a seller. This portion of Walker shows that it is the seller, not the buyer, who accepts. This portion also shows that the penalty in Walker '639 is not "determined before the auction closes. The 'auction' cannot be considered open once the buyer is already bound to purchase the 'auctioned' item, and incidentally no other bids are permitted.

### **2.3.2. No showing of a proper motivation to combine the references**

As described above in Section 1.3.2, there is no motivation to combine Walker '639 and Fisher.

### **2.3.3. Level of Skill**

As described above in Section 1.3.3, the level of skill is low, and would not permit the proposed combination of references to be made.



In conclusion, the Examiner has not set forth a *prima facie* case of obviousness of the claims of the Group, none of the references (alone or in combination) disclose or suggest the limitations of the claims of the Group, and none of the references (alone or in combination) possess the advantages conferred by those limitations, as discussed in detail above. Accordingly, for at least those reasons, the claims of the Group have not been shown to be unpatentable in view of the cited references.

*Group II*

## SEPARATE ARGUMENT OF PATENTABILITY

### 3. Group III

Group VII includes dependent claims **51 - 53**, which depend on independent claim **50** (Group II). Thus, claims **51 - 53** are patentable at least for the reasons discussed above with respect to Group II.

In addition, the rejection of claims **51 - 53** fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 3.1. No Motivation to Combine

The Examiner has based the rejections of the claims of this Group on a combination of Walker '639, Fisher and Pionchon. One motivation provided for combining Pionchon (a computerized bridge game) with Walker '639 and Fisher (auction systems) is:

"since the opposite of an award is a penalty, the penalty rule would be applicable in this case"

Office Action, page 10.

Clearly this is insufficient. The prior art must somehow disclose the desirability of the combination, and the stated motivation does not at all come from the teachings or suggestions of the prior art.

The other motivation provided for combining Pionchon is

"the Pionchon reference is combinable with Walker '639 and Fisher et al references since all three references disclose the entry and processing of bids. Pionchon deals with playing a game, but this game is based on players and opponents placing bids against each other"

Office Action, page 11.

Clearly this is insufficient as well. The prior art must somehow disclose the desirability of the combination, and the stated motivation does not at all come from the teachings or suggestions of the prior art. Aside from the fact that the keyword "bid" may appear in Pionchon,

*Group III*

it is beyond argument that the word "bid" in the game of bridge has an entirely different meaning than the "bid" of an auction. In bridge, a "bid" is to declare one's intention to take, e.g., tricks of a certain number or suit in cards. This has nothing to do with auctions or bids in auctions.

### 3.2. Nonanalogous Art

Pionchon, which deals with the game of bridge, is not analogous art. It is

#### Applicable Law

In order to rely on a reference as a basis for rejection of the applicant's invention, the reference must either be in the field of the applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned. *In re Oetiker*, 977 F.2d 1443, 1447 (Fed. Cir. 1992).

#### Factual Findings

The Examiner has not provided any evidence relating to the problem, nor why Pionchon is pertinent to the problem, other than the appearance of the term "bid", which has a different meaning than anything in the auction field.

The Examiner has not provided any evidence relating to the field of endeavor, nor why Pionchon is in the field of endeavor. Even if one were searching for auction-related information and located the Pionchon reference, that reference would quickly be discounted as immaterial.

Accordingly, for at least those reasons, the claims of the Group have not been shown to be unpatentable in view of the cited references.

## SEPARATE ARGUMENT OF PATENTABILITY

### 4. Group IV

Group IV includes dependent claim 15, which depends on independent claim 1 (Group I). Thus, claim 15 is patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claim 15 fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 4.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

##### 4.1.1. Official Notice was taken of the limitations of the claims

The Examiner based the rejections of the claims of the Group on "Official Notice" that "it is old and well known in the auctioning art for the bid from the bidder to be greater than the greatest bid by a certain percentage or currency value". Office Action, page 5. The Examiner eventually provided Eisher, Col. 9, lines 43 - 56 as support for this proposition.

However, Eisher does not suggest this proposition. The cited portions of Eisher in fact discloses only that a bid below the minimum threshold is deemed unsuccessful. There is no suggestion of the limitation of claim 15 that

*the reward rule [which determines whether the bidder is qualified to receive a reward] comprises a condition that the bid from the bidder is greater than the greatest bid by a predetermined percentage*

##### 4.1.2. Substantial Evidence is Required of All Factual Findings

In a determination of obviousness, factual findings as to scope and content of the prior art, level of ordinary skill in the art, differences between the claimed invention and the prior art, and secondary considerations of nonobviousness must be supported by substantial evidence.

Novamedix Distrib. Ltd. v. Dickinson, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

*Group IV*

"[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

#### 4.1.3. Absent Substantial Evidence, No Prima Facie Case Exists

To reject claims in an application under section 103, an examiner must show an un rebutted *prima facie* case of obviousness. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

The initial burden of presenting a prima facie case of obviousness is upon the examiner. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992). If the examiner fails to establish a prima facie case, the rejection is improper and will be overturned. In re Rijckaert, 9 F.3d 1531, 1532 (Fed. Cir. 1993); Novamedix Distrib. Ltd. v. Dickinson, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

If examination at the initial stage does not produce a prima facie case of unpatentability, then **without more** the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992) (emphasis added).

Accordingly, for at least those reasons, the claims of Group IV have not been shown to be unpatentable in view of the cited references.

## SEPARATE ARGUMENT OF PATENTABILITY

### 5. Group V

Group V includes dependent claim 16, which depends on independent claim 1 (Group I). Thus, claim 16 is patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claim 16 fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 5.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record. Accordingly, the Examiner has not presented a prima facie case of obviousness of any claim of the Group.

##### 5.1.1. Official Notice was taken of the limitations of the claims

As described above in Section 4.1.1, the rejection of this claim is based on Official Notice which is unsupported by the record. The cited portions of Eisher in fact discloses only that a bid below the minimum threshold is deemed unsuccessful. There is no suggestion of the limitation of claim 16 that

*the reward rule [which determines whether the bidder is qualified to receive a reward] comprises a condition that the bid from the bidder is greater than the greatest bid by a predetermined currency value*

As discussed above in Sections 4.1.2 and 4.1.3, the lack of documentary support necessarily makes the rejection improper, as no prima facie case of obviousness can be shown without substantial evidence.

Accordingly, for at least those reasons, the claims of Group V have not been shown to be unpatentable in view of the cited references.

*Group V*

## SEPARATE ARGUMENT OF PATENTABILITY

### 6. Group VI

Group VI includes dependent claim 23, which depends on independent claim 1 (Group I). Thus, claim 23 is patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claim 23 fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 6.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record.

##### 6.1.1. Official Notice was taken of the limitations of the claims

As described above in Section 4.1.1, the rejection of this claim is based on Official Notice which is unsupported by the record. The cited portions of Eisher in fact discloses only that a bid below the minimum threshold is deemed unsuccessful. There is no suggestion of the limitation of claim 23 that

*the reward rule further includes a condition that the bid exceed a prior bid by a predetermined value; and  
wherein the step of determining whether the bid is greater than the prior bid further comprises:  
determining whether the bid is greater than the prior bid by a predetermined value, whereby if the bid is greater than the prior bid by the predetermined value, the bidder is qualified to receive the reward*

As discussed above in Sections 4.1.2 and 4.1.3, the lack of documentary support necessarily makes the rejection improper, as no prima facie case of obviousness can be shown without substantial evidence.

Accordingly, for at least those reasons, the claims of Group VI have not been shown to be unpatentable in view of the cited references.

*Group VI*

## SEPARATE ARGUMENT OF PATENTABILITY

### 7. Group VII

Group VII includes dependent claims **28 and 29**, which depend on independent claim 1 (Group I). Thus, claims **28 and 29** are patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claims **28 and 29** fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 7.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record.

##### 7.1.1. Official Notice was taken of the limitations of the claims

As described above in Section 4.1.1, the rejection of this claim is based on Official Notice which is unsupported by the record. The cited portions of Eisher in fact discloses only that a bid below the minimum threshold is deemed unsuccessful. There is no suggestion of the limitation of claims **28 and 29** that

*establishing the reward rule including a condition that the bidder submit a progressive bid that is greater by at least a predetermined value than a prior bid;  
receiving the prior bid from the bidder; and wherein the determining step further comprises:*

*determining whether the bid is greater than the prior bid by at least the predetermined value; whereby if the bid is greater than the prior bid by at least the predetermined value, the bidder is qualified to receive the reward.*

As discussed above in Sections 4.1.2 and 4.1.3, the lack of documentary support necessarily makes the rejection improper, as no prima facie case of obviousness can be shown without substantial evidence.

Accordingly, for at least those reasons, the claims of Group VII have not been shown to be unpatentable in view of the cited references.

*Group VII*



## SEPARATE ARGUMENT OF PATENTABILITY

### 8. Group VIII

Group VIII includes dependent claim 30, which depends on independent claim 1 (Group I). Thus, claim 30 is patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claim 30 fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 8.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record.

##### 8.1.1. Official Notice was taken of the limitations of the claims

As described above in Section 4.1.1, the rejection of this claim is based on Official Notice which is unsupported by the record. The cited portions of Eisher in fact discloses only that a bid below the minimum threshold is deemed unsuccessful. There is no suggestion of the limitation of claim 30 that

*in which the establishing step further comprises:  
establishing the reward rule including a condition that the bidder submits a predetermined number of bids, the method further comprising:  
receiving at least one prior bid from the bidder; and wherein the determining step further comprises:  
determining whether a number of bids from the bidder, including the bid and the at least one prior bid, is at least equal to the predetermined number of bids, whereby if the number of bids is at least equal to the predetermined number of bids, the bidder is qualified to receive the reward.*

As discussed above in Sections 4.1.2 and 4.1.3, the lack of documentary support necessarily makes the rejection improper, as no prima facie case of obviousness can be shown without substantial evidence.

Accordingly, for at least those reasons, the claims of Group VIII have not been shown to be unpatentable in view of the cited references.

*Group VIII*

## SEPARATE ARGUMENT OF PATENTABILITY

### 9. Group IX

Group IX includes dependent claims **32 and 33**, which depend on independent claim 1 (Group I). Thus, claims **32 and 33** are patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claims **32 and 33** fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 9.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record.

##### 9.1.1. Official Notice was taken of the limitations of the claims

The Examiner based the rejections of the claims of the Group on "Official Notice" that "it is old and well known in the auctioning art to measuring [sic] the time between a bid and a previous bid, and to determine if the bidder is qualified to receive a reward when the time is greater than a predetermined value". Office Action, page 6. The Examiner eventually provided Scholldorf, EP 0 411 748 A2, page 9, line 46 - page 10, line 11 as support for this proposition.

However, Scholldorf does not suggest this proposition. Scholldorf has nothing to do with rewarding a bidder, much less based on when a bid is submitted. There is no suggestion of the limitation of claims **32 and 33** that

*measuring a time between the bid and a previous bid from a second bidder; and in which the establishing step further comprises:*

*establishing the reward rule including a condition that the bidder is qualified to receive the reward when the time is greater than a predetermined value; and wherein the determining step further comprises:*

*determining whether the time between the bid and the previous bid is greater / less than the predetermined value.*

As discussed above in Sections 4.1.2 and 4.1.3, the lack of documentary support necessarily makes the rejection improper, as no prima facie case of obviousness can be shown without substantial evidence.

Accordingly, for at least those reasons, the claims of Group IX have not been shown to be unpatentable in view of the cited references.

*Group IX*

## SEPARATE ARGUMENT OF PATENTABILITY

### 10. Group X

Group X includes dependent claim 43, which depends on independent claim 1 (Group I). Thus, claim 43 is patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claim 43 fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 10.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record.

##### 10.1.1. Official Notice was taken of the limitations of the claims

The Examiner based the rejections of the claims of the Group on "Official Notice" that "it is old and well known in the auctioning art to determine the payment from a parallel auction". Office Action, page 6. The Examiner eventually provided Baraldi as support for this proposition.

However, Baraldi does not suggest this proposition. Baraldi has nothing to do with *auctions* or *determining a payment to close the auction session*. There is no suggestion of the limitation of claim 43 that

*receiving, from the bidder, a payment to close the auction session*  
in which

*the payment is determined from a parallel auction*

As discussed above in Sections 4.1.2 and 4.1.3, the lack of documentary support necessarily makes the rejection improper, as no prima facie case of obviousness can be shown without substantial evidence.

Accordingly, for at least those reasons, the claims of Group X have not been shown to be unpatentable in view of the cited references.

*Group X*

## SEPARATE ARGUMENT OF PATENTABILITY

### 11. Group XI

Group XI includes dependent claim 46, which depends on independent claim 1 (Group I). Thus, claim 46 is patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claim 46 fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 11.1. No Prima Facie Showing of Unpatentability

The Examiner has based the rejections of the claims of this Group on a view of the prior art which is unsupported by the record.

##### 11.1.1. Official Notice was taken of the limitations of the claims

The Examiner based the rejections of the claims of the Group on "Official Notice" that "it is old and well known in the auctioning art to terminate the reward if a higher bid is received". Office Action, page 7. The Examiner eventually provided Fisher as support for this proposition.

However, Fisher does not suggest this proposition. As discussed above in Section 1.3.1, Fisher has nothing to do with *rewards*, and therefore cannot suggest anything related to *terminating a reward*. There is no suggestion of the limitation of claim 46 of

*terminating the reward if a higher bid is received from a second bidder*

As discussed above in Sections 4.1.2 and 4.1.3, the lack of documentary support necessarily makes the rejection improper, as no prima facie case of obviousness can be shown without substantial evidence.

Accordingly, for at least those reasons, the claims of Group XI have not been shown to be unpatentable in view of the cited references.

## SEPARATE ARGUMENT OF PATENTABILITY

### 12. Group XII

Group XII includes dependent claims 27, 34 - 36, 48, which depend on independent claim 1 (Group I). Thus, claims 27, 34 - 36, 48 are patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claims 27, 34 - 36, 48 fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 12.1. No Motivation to Combine

The Examiner has based the rejections of the claims of this Group on a combination of Walker '639, Fisher and Barzilai. One motivation provided for combining Barzilai with Walker '639 and Fisher is:

"because this would encourage the bidder to continue his/her participation"

Office Action, page 9.

Clearly this is insufficient - it is merely a statement that the combination would be desirable (as disclosed by the present application). The prior art must somehow disclose the desirability of the combination, and the stated motivation does not at all come from the teachings or suggestions of the prior art.

The other motivation provided for combining Barzilai is

"this information will reveal if the bidder is likely to come back to another session"

Office Action, page 9.

Again, this is merely a statement that the combination would be desirable, not a statement that the prior art motivates the combination.

Accordingly, for at least those reasons, the claims of Group XII have not been shown to be unpatentable in view of the cited references.

*Group XII*

## SEPARATE ARGUMENT OF PATENTABILITY

### 13. Group XIII

Group XIII includes dependent claims **49 and 58**, which depend on independent claim **1** (Group I). Thus, claims **49 and 58** are patentable at least for the reasons discussed above with respect to Group I.

In addition, the rejection of claims **49 and 58** fails because the Examiner has not provided a prima facie case of obviousness of this claim.

#### 13.1. No Motivation to Combine

The Examiner has based the rejections of the claims of this Group on a combination of Walker '639, Fisher and Barzilai. One motivation provided for combining Barzilai with Walker '639 and Fisher is:

"because this information would help enforce a time limit during a bidding session and would encourage bidders to submit bids early in order to receive certain types of rewards for early submissions"

Office Action, page 9.

Clearly this is insufficient - it is merely a statement that the combination would be desirable (as disclosed by the present application). The prior art must somehow disclose the desirability of the combination, and the stated motivation does not at all come from the teachings or suggestions of the prior art.

Accordingly, for at least those reasons, the claims of Group XIII have not been shown to be unpatentable in view of the cited references.

## CONCLUSION

Thus, the Examiner's rejection of the pending claims are is improper at least because the references of record, alone or in combination, do not disclose or suggest all the limitations of any claim. In addition, in the obviousness rejections the Examiner has improperly combined the references because there is no adequate reasoning or support in the prior art for making the proposed combination. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

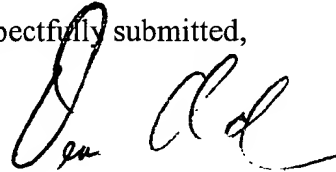
If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Dean Alderucci using the information provided below.

Appellants hereby request any extension of time that may be required to make this Appeal Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

February 17, 2004

Date

Respectfully submitted,



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**APPENDIX A**  
**CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL**

Claims 1-66 are pending.

Claims 1, 50, 54, and 59-66 are independent.

1. A method for providing a reward to a bidder participating in an auction, the method comprising:
  - identifying a product subject to bidding during an auction session;
  - receiving a bid for the product from a bidder during the auction session;
  - determining, based on a reward rule, whether the bidder is qualified to receive a reward other than the product, and if the bidder is qualified:
    - transmitting, to the bidder, an indication that the bidder is qualified to receive the reward.
2. The method of claim 1, further comprising:
  - determining, based on the bid, whether the bidder is qualified to receive the product; and
  - if the bidder is qualified:
    - transmitting to the bidder, an indication that the bidder is qualified to receive the product.

CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

3. The method of claim 2, wherein the step of determining, based on the bid, whether the bidder is qualified to receive the product, further comprises:  
  
determining whether the bid is greater than each of a plurality of remaining bids.
4. The method of claim 1, wherein the reward comprises at least one of:  
  
a value of currency, a supplement to the bid, a rebate on the product, an amount of frequent flier miles, a second product, and a warranty for the product.
5. The method of claim 1, wherein the reward rule comprises a condition that the bidder accept an offer provided by a third party.
6. The method of claim 5, further comprising:  
  
transmitting, before the determining step, an offer to the bidder for a second product provided by the third party;  
  
receiving an acceptance of the offer from the bidder; whereby the bidder is qualified to receive the reward.
7. The method of claim 6, wherein the second product is a service.
8. The method of claim 7, wherein the service is a credit card account and wherein the third party is a credit card provider.

9. The method of claim 6, wherein the reward is a supplement to the bid, the supplement including a value of currency.
10. The method of claim 5, further comprising:  
determining whether the bidder has an acceptable credit history before the offer is transmitted to the bidder.
11. The method of claim 1, further comprising:  
receiving at least one bid for the product from each of a plurality of remaining bidders.
12. The method of claim 11, wherein the step of receiving at least one bid is performed prior to the step of receiving the bid.
13. The method of claim 12, wherein the reward includes a condition that the bid from the bidder is greater than each bid received from the plurality of remaining bidders.
14. The method of claim 12, further comprising:  
determining which of the at least one bids is a greatest bid.
15. The method of claim 14, wherein the reward rule comprises a condition that the bid from the bidder is greater than the greatest bid by a predetermined percentage.

16. The method of claim 14, wherein the reward rule comprises a condition that the bid from the bidder is greater than the greatest bid by a predetermined currency value.

17. The method of claim 1, wherein the reward rule comprises a condition that the bid is a first received bid.

18. The method of claim 17, wherein the reward is a currency value corresponding to a value of the bid.

19. The method of claim 17, wherein the reward corresponds to a difference between the bid and a greatest bid.

20. The method of claim 1, in which the establishing step comprises:

establishing the reward rule to include a condition that a greatest bid is at least equal to a predetermined value; and the method further comprising:

receiving a second bid for the product from a second bidder, wherein the second bid is the greatest bid; and

determining whether the greatest bid is at least equal to the predetermined value, whereby if the greatest bid is at least equal to the predetermined value, the bidder is qualified to receive the reward.

21. The method of claim 20, wherein the step of determining, based on the reward rule further comprises:

determining, based on the reward rule, whether the second bidder is qualified to receive a reward; and if the second bidder is qualified:

transmitting, to the second bidder, an indication that the second bidder is qualified to receive the reward, whereby if the greatest bid is at least equal to the predetermined value, the second bidder is qualified to receive the reward.

22. The method of claim 1, in which the establishing step further comprises:

establishing the reward rule including a condition that the bid exceed a prior bid, the method further comprising:

receiving a prior bid, wherein the determining step further comprises:

determining whether the bid is greater than the prior bid; whereby if the bid is greater than the prior bid, the bidder is qualified to receive the reward.

23. The method of claim 22, wherein the reward rule further includes a condition that the bid exceed a prior bid by a predetermined value; and

wherein the step of determining whether the bid is greater than the prior bid further comprises:

determining whether the bid is greater than the prior bid by a predetermined value, whereby if the bid is greater than the prior bid by the predetermined value, the bidder is qualified to receive the reward.

24. The method of claim 22, wherein the prior bid is received from the bidder.
25. The method of claim 22, wherein the prior bid is received from a second bidder.
26. The method of claim 25, wherein the bid is equal to the prior bid, and wherein the bid and the prior bid are a highest bid.
27. The method of claim 26, further comprising:  
comparing a participation history of the bidder and the second bidder; and  
awarding the product based on the comparison.
28. The method of claim 1, further comprising:  
establishing the reward rule including a condition that the bidder submit a progressive bid that is greater by at least a predetermined value than a prior bid;  
receiving the prior bid from the bidder; and wherein the determining step further comprises:  
determining whether the bid is greater than the prior bid by at least the predetermined value; whereby if the bid is greater than the prior bid by at least the predetermined value, the bidder is qualified to receive the reward.
29. The method of claim 28, wherein the predetermined value corresponds to a percentage of the prior bid.

30. The method of claim 1, in which the establishing step further comprises:

establishing the reward rule including a condition that the bidder submits a predetermined number of bids, the method further comprising:

receiving at least one prior bid from the bidder; and wherein the determining step further comprises:

determining whether a number of bids from the bidder, including the bid and the at least one prior bid, is at least equal to the predetermined number of bids, whereby if the number of bids is at least equal to the predetermined number of bids, the bidder is qualified to receive the reward.

31. The method of claim 1, in which the establishing step further comprises:

establishing the reward rule including a condition that a bidder submit at least two bids within a predetermined amount of time; the method further comprising:

receiving a second bid from the bidder; and wherein the determining step further comprises:

determining whether the bid and the second bid were received within the predetermined amount of time.

32. The method of claim 1, further comprising:

measuring a time between the bid and a previous bid from a second bidder; and in which the establishing step further comprises:

establishing the reward rule including a condition that the bidder is qualified to receive the reward when the time is greater than a predetermined value; and wherein the determining step further comprises:

determining whether the time between the bid and the previous bid is greater than the predetermined value.

33. The method of claim 1, further comprising:

measuring a time between the bid and a previous bid from a second bidder; and in which the establishing step further comprises:

establishing the reward rule including a condition that the bidder is qualified to receive the reward when the time is greater than a predetermined value; and wherein the determining step further comprises:

determining whether the time between the bid and the previous bid is less than the predetermined value.



34. The method of claim 1, in which the establishing step further comprises:  
  
establishing a reward rule that a historic participation of the bidder meets a predefined criterion; and wherein the determining step further comprises:  
  
measuring the historic participation of the bidder; and  
  
determining whether the historic participation meets the predefined criterion.
35. The method of claim 34, wherein the predefined criterion includes a requirement that the bidder has participated in at least one previous auction session.
36. The method of claim 34, wherein the historic participation corresponds to at least one of: a number of previous auctions in which the bidder participated, a number of previous auctions which the bidder won, and an amount of profit earned from the bidder.
37. The method of claim 1, further comprising:  
  
receiving personal data from the bidder including at least one of a name, an address and a financial account identifier belonging to the bidder.
38. The method of claim 37, further comprising:  
  
verifying the personal data with a third party.

39. The method of claim 1, wherein the receiving step includes:  
  
receiving the bid from the bidder over one of a telecommunications network and the Internet.
40. The method of claim 1, wherein the product is a service.
41. The method of claim 1, further comprising:  
  
providing the reward to the bidder.
42. The method of claim 1, further comprising:  
  
receiving, from the bidder, a payment to close the auction session.
43. The method of claim 42, wherein the payment is determined from a parallel auction.
44. The method of claim 1, further comprising:  
  
receiving, from the bidder, a payment to extend the auction session.
45. The method of claim 44, wherein the payment is determined from a parallel auction.
46. The method of claim 1, further comprising:  
  
terminating the reward if a higher bid is received from a second bidder.

47. The method of claim 1, wherein the reward rule includes a condition that the reward be issued randomly.

48. The method of claim 1, wherein the reward to be offered is determined based on at least one of:

the bidder's participation history, the bid spread, the product, a statistical likelihood that the bid will be a greatest bid, and the average highest bid historically submitted for a similar product.

49. The method of claim 1, wherein the receiving step includes:  
receiving an encrypted indication of a time the bid was transmitted.

50. A method for providing a penalty to a bidder participating in an auction, the method comprising:

identifying a product subject to bidding during an auction session;  
receiving a bid for the product from a bidder during the auction session;  
determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty:  
transmitting, to the bidder, an indication that the bidder is to receive the penalty.

51. The method of claim 50, wherein the penalty rule comprises a condition that the bid is less than a current high bid.

52. The method of claim 50, wherein the penalty comprises making the bidder ineligible to continue participating in the auction session.
53. The method of claim 50, wherein the penalty rule comprises a condition that the bid is less than a predetermined value.
54. A method for participating in an auction session, comprising:  
receiving an identification of a product subject to bidding during an auction session;  
transmitting a bid for the product to an auctioneer during the auction session; and  
receiving a reward other than the product in response to the bid.
55. The method of claim 54, further comprising:  
receiving the product in response to the bid.
56. The method of claim 54, wherein the product is a service.
57. The method of claim 54, wherein the transmitting step is conducted over one of a telecommunications network and the Internet.
58. The method of claim 54, wherein the transmitting step includes:  
transmitting the bid with an encrypted indication of a time the bid was transmitted.

59. A method for participating in an auction session, comprising:
- receiving an identification of a product subject to bidding during an auction session;
  - transmitting a bid for the product to an auctioneer during the auction session; and
  - receiving, before the auction session closes, a penalty in response to the bid.
60. A computer data signal embodied in a carrier wave comprising a segment having computer processing instructions for notifying a bidder that the bidder is qualified to receive a reward other than the product in response to a previous bid submitted during an auction session.
61. An apparatus for providing a reward to a bidder participating in an auction, comprising:
- means for identifying a product subject to bidding during an auction session;
  - means for receiving a bid for the product from a bidder during the auction session;
  - means for determining, based on a reward rule, whether the bidder is qualified to receive a reward other than the product, and
  - means for transmitting, to the bidder, an indication that the bidder is qualified to receive the reward.

62. An apparatus for providing a reward to a bidder participating in an auction, comprising:  
  
a storage device; and  
  
a processor connected to the storage device,  
  
the storage device storing a program for controlling the processor; and  
  
the processor operative with the program to:  
  
identify a product subject to bidding during an auction session;  
  
receive a bid for the product from a bidder during the auction session;  
  
determine, based on a reward rule, whether the bidder is qualified to receive a  
reward other than the product, and if the bidder is qualified:  
  
transmit, to the bidder, an indication that the bidder is qualified to receive the  
reward.

63. A computer readable medium encoded with processing instructions for implementing a  
method for providing a reward to a bidder participating in an auction, the method comprising:  
  
identifying a product subject to bidding during an auction session;  
  
receiving a bid for the product from a bidder during the auction session;  
  
determining, based on a reward rule, whether the bidder is qualified to receive a reward  
other than the product, and if the bidder is qualified:  
  
transmitting, to the bidder, an indication that the bidder is qualified to receive the  
reward.

64. An apparatus for providing a penalty to a bidder participating in an auction, comprising:
- means for identifying a product subject to bidding during an auction session;
  - means for receiving a bid for the product from a bidder during the auction session;
  - means for determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and
  - means for transmitting, to the bidder, an indication that the bidder is to receive the penalty.
65. An apparatus for providing a penalty to a bidder participating in an auction, comprising:
- a storage device; and
  - a processor connected to the storage device,
  - the storage device storing a program for controlling the processor; and
  - the processor operative with the program to:
    - identify a product subject to bidding during an auction session;
    - receive a bid for the product from a bidder during the auction session;
    - determine before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty:
      - transmit, to the bidder, an indication that the bidder is to receive the penalty.

66. A computer readable medium encoded with processing instructions for implementing a method for providing a penalty to a bidder participating in an auction, the method comprising:

identifying a product subject to bidding during an auction session;

receiving a bid for the product from a bidder during the auction session;

determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty:

transmitting, to the bidder, an indication that the bidder is to receive the penalty.



## APPENDIX B

### INDEPENDENT CLAIMS INVOLVED IN THE APPEAL

Claims 1-66 are pending.

Claims 1, 50, 54, and 59-66 are independent.

1. A method for providing a reward to a bidder participating in an auction, the method comprising:
  - identifying a product subject to bidding during an auction session;
  - receiving a bid for the product from a bidder during the auction session;
  - determining, based on a reward rule, whether the bidder is qualified to receive a reward other than the product, and if the bidder is qualified:
    - transmitting, to the bidder, an indication that the bidder is qualified to receive the reward.
  
50. A method for providing a penalty to a bidder participating in an auction, the method comprising:
  - identifying a product subject to bidding during an auction session;
  - receiving a bid for the product from a bidder during the auction session;
  - determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty:
    - transmitting, to the bidder, an indication that the bidder is to receive the penalty.

*INDEPENDENT CLAIMS*

54. A method for participating in an auction session, comprising:  
receiving an identification of a product subject to bidding during an auction session;  
transmitting a bid for the product to an auctioneer during the auction session; and  
receiving a reward other than the product in response to the bid.
59. A method for participating in an auction session, comprising:  
receiving an identification of a product subject to bidding during an auction session;  
transmitting a bid for the product to an auctioneer during the auction session; and  
receiving, before the auction session closes, a penalty in response to the bid.
60. A computer data signal embodied in a carrier wave comprising a segment having  
computer processing instructions for notifying a bidder that the bidder is qualified to receive a  
reward other than the product in response to a previous bid submitted during an auction session.
61. An apparatus for providing a reward to a bidder participating in an auction, comprising:  
means for identifying a product subject to bidding during an auction session;  
means for receiving a bid for the product from a bidder during the auction session;  
means for determining, based on a reward rule, whether the bidder is qualified to receive  
a reward other than the product, and  
means for transmitting, to the bidder, an indication that the bidder is qualified to receive  
the reward.

*INDEPENDENT CLAIMS*

62. An apparatus for providing a reward to a bidder participating in an auction, comprising:

- a storage device; and
- a processor connected to the storage device,
- the storage device storing a program for controlling the processor; and
- the processor operative with the program to:
  - identify a product subject to bidding during an auction session;
  - receive a bid for the product from a bidder during the auction session;
  - determine, based on a reward rule, whether the bidder is qualified to receive a reward other than the product, and if the bidder is qualified:
    - transmit, to the bidder, an indication that the bidder is qualified to receive the reward.

63. A computer readable medium encoded with processing instructions for implementing a method for providing a reward to a bidder participating in an auction, the method comprising:

- identifying a product subject to bidding during an auction session;
- receiving a bid for the product from a bidder during the auction session;
- determining, based on a reward rule, whether the bidder is qualified to receive a reward other than the product, and if the bidder is qualified:
  - transmitting, to the bidder, an indication that the bidder is qualified to receive the reward.

64. An apparatus for providing a penalty to a bidder participating in an auction, comprising:
- means for identifying a product subject to bidding during an auction session;
  - means for receiving a bid for the product from a bidder during the auction session;
  - means for determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and
  - means for transmitting, to the bidder, an indication that the bidder is to receive the penalty.
65. An apparatus for providing a penalty to a bidder participating in an auction, comprising:
- a storage device; and
  - a processor connected to the storage device,
  - the storage device storing a program for controlling the processor; and
  - the processor operative with the program to:
    - identify a product subject to bidding during an auction session;
    - receive a bid for the product from a bidder during the auction session;
    - determine before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty:
      - transmit, to the bidder, an indication that the bidder is to receive the penalty.

66. A computer readable medium encoded with processing instructions for implementing a method for providing a penalty to a bidder participating in an auction, the method comprising:

identifying a product subject to bidding during an auction session;

receiving a bid for the product from a bidder during the auction session;

determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; and if the bidder is to receive the penalty:

transmitting, to the bidder, an indication that the bidder is to receive the penalty.